3 July 2007

Ms. Dawn Philibert
Dept of Health
Division of Mental Health
P.O. Box 70
Burlington, VT 05402-0070

Re: **Certificate of Approval Application Questions**

Dear Dawn:

Please find below our responses to the questions posed by the staff at your departments.

1. It is correct that the mortgage to purchase the land has been paid off, but we assumed that we needed to include this amount in the total cost of the project, since it truly is a part of the cost of the total project. We only bought the land in anticipation of building on it. Please confirm that you would like the cost of the land to be removed from the financial tables and we will revise them and send them to you. The cost of land should be included in the cost of the project, but not in the financing as it is already paid for.

2. You are correct, the focus will be children and families, but other program teams will be co-located. The Developmental Services (DS) teams will include: administration, Seniors team, clinical assessments and intake and the music programs ~ PAEA (Program for adaptive and expressive arts). The Seniors staff will be located in this new building, but we will continue to do the bulk of our programming in a building that is not located on this site. Because the music program continues to serve both adults and children, their inclusion in the building will enhance the "multi-generational" feel of the setting. These DS teams were located in our building at Lake Road, where the lease will be expiring, and their inclusion was based on the need to find a new "home" and their appropriateness for inclusion in this setting. Finally, the large multi-purpose room will host any number of community events for education etc., that will draw visitors from across the various populations in the community. Essentially they didn't answer the question, which was the space is really a multigenerational space, yet their design refers to it as a child/family space, so I wanted to know what considerations have they made in the design to accommodate children to elders.

3. Please refer to the document that I have included called "Program of Spaces for the New Children & Family Center", which was prepared by our architects, Weimann and Lamphere. The figures we used are based on their calculations for 15,565 square feet net and 22, 210 square

feet gross. A review of their itemization reveals that the “unaccounted for” space is made up of the corridors, stairwells, porch and the entrance way.

4. First, the DS offenders program will not be included at this site, and we apologize for any confusion in that regard. The offender program will move back to the main office at 107 Fisher Pond Road, into the space vacated by the Seniors staff, who will move to the new building. We have planned for a full security system to be installed at the new building that will mirror what is in place at 107 Fisher Pond Road. All of our buildings have lockdown procedures in place for our staff’s safety and this building will be the same. Panic buttons will be installed in all public meeting places, allowing the front desk to be notified and Crisis or the police to be summoned as appropriate. Only the front entrance will allow public access and staff will be assigned badges and key fobs that specify what hours they may have access to the other doors. The building will be designed to lockdown suites or sections, as indicated by the impending danger. These provisions have served us well at our other locations, but the Health and Safety committee will continue to monitor incident reports once the building is occupied, and will make changes as the need arises.

5. Sorry for the confusion on this one. We were referring to our own variety of “providers”, ie: those for the current Family Center, childrens case managers etc. who are currently housed in different locations. To many of our families, their separate locations and programs may seem like separate providers, once they begin to seek services. Essentially, the building will be all NCSS staff, coming from various service divisions.

6. We have chosen to work with Connor Contracting who will represent us in the bid process in a “Design/Build” relationship model. His job will be to direct the project and the related designs for HVAC, electrical, etc. and to solicit bids on each of those projects. He will oversee their compliance with specifications and their adherence to time and budget constraints. We expect all aspects of the project to be bid competitively. This sounds like a construction management approach. If it is, we would still require that the construction manager role be put out to bid because they will be paid. We need to know their selection process for Connor Contracting; how was it bid, etc.

7. The intersection issues have been resolved. The affected parties have joined to form a partnership. The partners have contracted with Wright Excavating Inc. to manage the project; each party has made a cash contribution to the total project cost. Work is expected to be completed over the summer months. Supplies have been ordered and permits are in place. Do the revised cost schedules include the specific cost for this work as part of the project? They should.

8. In our preliminary discussions about this building in early 2006, we thought that we might start building in 3 to 5 years and that it would be a good idea to start building up a capital reserve to decrease the amount we had to borrow in the future. Our purely optimistic goal was that if we did not build for 5 years we might be able to accumulate up to $3 million in a capital reserve fund.

   It is a goal of DMH that the designated agencies maintain 60 days of net assets on the balance sheet as a protection against future downturns. So for the past two fiscal years, 2006 and 2007, we have calculated what our days of net assets are and if we were over 60 days, we took out the amount of cash required to bring us down to 60 days and set it aside in the capital reserve fund.

DMH has made the allowance that capital reserve funds can be excluded from the days of net assets calculation to allow agencies to build up funds to offset capital project costs.

In 2006 we were able to set aside $750,000 and for 2007, we were able to set aside $540,000. We have this money in a separate interest-bearing account. Our capital reserve fund balance as of 6/29/07 was $1,314,000. We were estimating that the funds left over from the sale of the Fonda Property after we pay off that mortgage would bring us up to $1,464,000 million.

9. Technically, we cannot sell the Fonda property until the new building is complete and the staff and programs have been moved into the new building. At that point we will have to pay off the balance of the mortgage due on the property. When we were estimating what we would clear from the sale of this property, we figured about $150,000. For the sake of being precise, our current mortgage balance is $250,878.51 and an appraisal done recently on the property indicated a selling price of $400,000. The agency could front the $150,000 into the capital reserve fund if necessary and recoup the money after the sale.

   Our lease savings from the DS Lake Road property would be $3,570 per month or $42,840 per year.

10. The revised COA tables that were emailed to you on 7/2/07 do reflect this reduction. Please see Table 4B.

Please contact me if additional questions arise. Thank you for your review of our project.

Regards,

Ted J. Mable, Executive Director ~ NCSS